

American Worker Project:  
Securing the Future of America's Working Families

The Workforce

# **PREPARING TOMORROW'S SKILLED WORKERS**

## **Introduction**

In the highly technical, competitive, and global environment of the early 21<sup>st</sup> century, America's survival will depend on a well-trained and highly-skilled workforce. How do laws and government programs support workers' training and skills development?

## **Students Unprepared for the Workplace**

The evidence that the public school systems in this country are failing students is widespread. Along with basic literacy tests, employer-provided training in basic academics is an obvious indication that primary education is a failure in this country:

- The American Management Association found that 36 percent of job applicants had trouble reading or doing basic math.<sup>1</sup>
- Twenty-two percent of companies offered training in basic skills to their employees such as reading, writing, math and English.<sup>2</sup>
- One in four adults lack the basic skills to write a letter to their credit card company about a mistake in their bill.<sup>3</sup>
- According to U.S. manufacturers, 40 percent of all 17-year-olds do not have the math skills and 60 percent lack the reading skills to hold down a production job at a manufacturing company.<sup>4</sup>

The failure of the education system doesn't appear to be due to a lack of spending:

- Public school districts spent an average of \$6,060 per student in the 1996-97 school year. Sixty percent paid for instruction, including teacher salaries and benefits, supplies, and other instructional services.
- Since 1980, per-pupil spending, adjusted for inflation, has risen nearly 37 percent.
- The pupil-teacher ratio in public schools has declined 7.5 percent since the early 1980s.

## **Skills and Education Growing in Importance**

Workplace trends make the current educational shortcomings even more alarming. Based on the Department of Labor's occupational employment projections through 2006, the jobs of the future will require greater education and training.<sup>5</sup> Statistics show that:

- Occupations requiring 1 to 12 months of combined on-the-job experience and informal training accounted for 17 million workers and 13 percent of total employment in 1996. There will be an increase of 1.5 million jobs for occupations requiring this type of training.
- Occupations requiring post-secondary training, such as vocational training, but less than a bachelor's degree (e.g. secretaries) accounted for 6 percent of total employment, and are expected to have an increase of 598 thousand jobs.
- Occupations requiring a bachelor's degree and experience in another occupation accounted for nearly 19 percent of all workers, with a job growth of 5.6 million.
- Occupations requiring more than a bachelor's degree accounted for 3.1 percent of all workers, with an expected job growth of 1.4 million.

## **Employers Fund Training**

The lack of workers with rudimentary skills is causing employers to fund remedial training. At the same time, the high rate of change in technology is leading employers to fund employee training to enhance or learn new skills. Employers are spending more time and money to train their workers. For example:

- In 1996, employers spent \$55.3 billion total on training, averaging \$504 per employee.<sup>6</sup>
- Between May-October 1995, employers with high employee turnover provided a total 18.2 hours in formal training per employee; employers with low turnover provided 58.9 hours of formal training.<sup>7</sup>
- After adjusting for inflation, training expenditures have grown by 18 percent in the last 12 years.<sup>8</sup>
- More than six out of every ten companies provide tuition reimbursement.<sup>9</sup>

One survey shows that companies that increased their training activities were twice as likely to report quality improvements, 75 percent more likely to boost worker productivity, and 60 percent more likely to increase their operating profits.<sup>10</sup>

In an effort to increase the number of skilled workers and to spend training funds efficiently, employers are using new methods such as computer based training. Another approach is competency-based training, which goes beyond outdated time-based apprenticeship restrictions and allows workers to gain a wide range of specified skills. This broad-based training allows employees better access to more opportunities. Unlike traditional apprentice programs, however, competency-based training does not have national recognition.

## **Federal Spending on Job Training**

The federal government also funds job-training programs. In August 1998, President Clinton signed the Work Force Investment Act. This legislation will supplant the Job Training Partnership Act (JTPA), as the primary legislation responsible for moving jobless individuals into permanent self-sustaining employment. The JTPA has been in effect since 1983. Records show that:

- In 1998, the government allocated \$5 billion to be spent on the JTPA, including Job Corps. The JTPA includes programs for the unemployed such as classroom training, on-the-job training, job-search assistance, work experience, counseling, basic skills training, and support services.
- In 1992, it cost nearly \$20,000 to send a trainee through JTPA's Job Corps program, with as many as a third of participants dropping out within three months.<sup>11</sup>
- In 1995, the General Accounting Office reported to Congress that 163 federal employment programs were spread across 15 departments and agencies with a total budget of over \$20.4 billion.<sup>12</sup>

America is facing a skills deficit. In many markets, there is not enough skilled labor available to meet the needs of the industry. In spite of funding remedial and skills development training for their workers, American employers are still being forced to look for skilled workers overseas. Meanwhile, significant government expenditures for education and job training programs do not appear to be alleviating the labor shortage. Government involvement in traditional apprenticeship programs is no more reassuring.

Apprenticeship programs offer a way to train employees in a skilled occupation through a combination of on-the-job experience and job-related classroom instruction. The primary difference between an apprentice and another employee receiving training on the job is the award of an Apprenticeship Completion Certificate. With this award, the apprentice is recognized nationwide as a qualified "journeyworker." For an apprentice to receive this award, they must enroll in a program, which meets a complex set of criteria set forth in federal law.

The Department of Labor establishes operational criteria and standards for the administration of apprenticeship programs and approves apprenticeship agreements. The states establish labor-management councils charged with developing policies to guide the administration of individual programs. Generally, there are two types of apprenticeship programs that are recognized by a State Apprenticeship Agency: joint and non-joint. Joint programs are those administered with management and union participation. Non-joint are those administered only by management. Apparently, some states have developed a bias against non-joint, open-shop programs.

One example of this bias has occurred in Washington State, which is a joint apprenticeship program state. Beginning in the late 1980s, the Washington State Apprenticeship Council (SAC) refused to register any non-joint apprenticeship programs in the electrical trade, despite the fact that only 28 percent of all electricians in the state were union members. In essence, the vast majority of participating electricians were precluded from participating in the electrical apprenticeship programs because of this union bias.

Federal law is failing the apprenticeship process. Open-shop contractors have sought recognition of their apprenticeship programs for more than 20 years. They have repeatedly petitioned the state and the Department of Labor and have sought legislative and legal remedies, all to no avail. It is doubtful whether all states will fully comply with the law absent intervention by the Department of Labor or Congress.

Under current law, once a State Apprenticeship Agency is registered by the U.S. Department of Labor, a de-recognition process is necessary for the federal government to intercede into state activity. De-recognition is a process in which a State's registration is revoked. In Washington State's case, numerous complaints led the Department of Labor to issue a list of demands upon the SAC, including the requirement that non-joint programs receive fair consideration. To date, the state's response has been slow and inadequate. Despite complaints no state has been de-recognized by the federal government in the last 10 years.

In 1988, the U.S. Department of Labor published "Apprenticeship 2000: The Public Speaks," which addressed to the need to revise the federal regulations governing registration of apprenticeship programs. In 1990, the U.S. Department of Labor proposed changes that would have:

1. Increased the flexibility to implement competency-based training;
2. Ensured that regulations are administered equitably, without regard to the sponsor's union or non-union status;
3. Strengthened the ability of the Bureau of Apprenticeship and Training to decertify non-compliant State Apprenticeship Councils;
4. Provided portability of training and;
5. Improved the accountability of registration agencies.

Despite these recommendations, little change has occurred to the regulations governing registration of apprenticeship programs.

Apprenticeship programs offer American workers another opportunity to upgrade their skill levels. At a time when the education system and government job training programs fail to equip workers with sufficient skills, the federal government should seek to increase, not limit, workers' options to obtain those skills.

## Findings and Recommendations

Our educational system must do a better job of preparing students to compete in the workplace. Laws should encourage workers to take advantage of opportunities for life-long learning.

- Congress and Department of Labor should establish formal recognition of competency-based training programs.
- Congress should review the one-size-fits-all approach in federal job training laws.
- Congress should review the National Apprenticeship (Fitzgerald) Act of 1937, with the goal of rendering the system more fair and accountable.
- Federal and state regulators should change policies to encourage progressive training programs and make it easier for both current and future workers to take advantage of training opportunities under the apprenticeship system. These policies should not discriminate against non-unionized workers and open-shop programs.
- Congress and government departments should ensure that laws and policies support life-long learning.

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<sup>1</sup> Carl Horowitz, *When Firms are Schoolhouses*, INVESTOR'S BUSINESS DAILY, April 29, 1997.

<sup>2</sup> Id.

<sup>3</sup> Chairman's Report Draft, EDUCATION AT A CROSSROADS: WHAT WORKS AND WHAT'S WASTED IN EDUCATION TODAY, Committee on Education and the Workforce Subcommittee on Oversight and Investigations, July 1998.

<sup>4</sup> Id.

<sup>5</sup> George T. Silvestri, *Occupational employment projections to 2006*, MONTHLY LABOR REVIEW, November 1997.

<sup>6</sup> *Training Expenditures*, TRAINING AND DEVELOPMENT, ASTD, January 1998.

<sup>7</sup> Id.

<sup>8</sup> National Alliance of Business, *Company Training and Education: Who does it, who gets it and does it pay off?* WORK AMERICA, June 1997. Information from the National Center on the Educational Quality of the Workforce.

<sup>9</sup> Id. Information from the International Foundation on Employee Benefits Plans.

<sup>10</sup> National Alliance of Business, *Job Cuts Out, High-Skills Hiring In*, WORK AMERICA, November/December 1997. Information based on the annual mid-year survey by the American Management Association of 1,168 firms.

<sup>11</sup> National Center for Policy Analysis, MONTH IN REVIEW, May 1996.

<sup>12</sup> Carlotta Joyner, *Challenges in Ensuring Workforce Development and Protection*, General Accounting Office Testimony Before the Government Reform and Oversight, p. 1, March 6, 1997.